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C O N F I D E N T I A L SECTION 01 OF 03 BEIRUT 001359

SIPDIS

DEPT FOR NEA/FO, NEA/ELA
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SUBJECT: LEBANON: TELECOM MINISTER GUNG HO ON
PRIVATIZATION, ADVOCATES EXPANSION OF NATIONAL DIALOGUE

REF: BEIRUT 1086

Classified By: Ambassador Michele J. Sison for reasons 1.4
(b) and (d).

SUMMARY

¶1. (C) In a September 15 meeting with the Ambassador, Minister of Telecommunications Gebran Bassil, an ally of Michel Aoun in the March 8/Aoun opposition, said it would be wrong to discuss only the national defense strategy and the future of Hizballah's weapons at the National Dialogue without also discussing how to handle the violence in Tripoli or the fate of the Palestinians. He told the Ambassador that there would be a meeting between Hizballah and Walid Jumblatt's Progressive Socialist Party (PSP) later that day (septel), and said there should be more "reconciliations" among the parties to ensure that the 2009 parliamentary elections happen peacefully. He bemoaned the rampant corruption in Lebanon, and said he hoped to see new campaign spending limits included in the new electoral law. He called the downing of an LAF helicopter by Hizballah and the death of its pilot a "very sad accident," and he criticized the majority for using the incident for political gain.

¶2. (C) On his telecom portfolio, Bassil said he wants to take the fast track on privatization of mobile telecoms, though with a focus on ensuring a continued revenue stream for the government after the privatization takes place. He was enthusiastic about bringing broadband to all of Lebanon, in collaboration with the American private sector and various NGOs. He said he was working with the Syrian authorities to block Syrian cellular frequencies in the border regions of Lebanon, where customers use Syrian cell networks, depriving the Lebanese cell operators of revenues. End summary.

"IS THE PROBLEM OF TERRORISM
NOT IMPORTANT ENOUGH TO BE ON THE TABLE?"

¶3. (C) The Ambassador, accompanied by EconOff, called on Minister of Telecommunications Gebran Bassil on September 15. Bassil, Free Patriotic Movement (FPM) leader Michel Aoun's son-in-law and advisor, said it would be wrong to discuss only the national defense strategy (i.e., Hizballah's weapons) without also discussing the interrelated issues of Salafist conflict in Tripoli and growing extremism in the Palestinian refugee camps.

14. (C) Bassil said that in the 2006 Memorandum of Understanding between the FPM and Hizballah, the two parties agreed that Hizballah's right to its weapons must be included in the defense strategy, and that all parties in Lebanon, regardless of their viewpoint, had agreed that the topic was important. And what about the Salafist groups in Tripoli, he asked? He claimed that various political leaders had been financing them, but could not influence their behavior. "Hizballah," he said, "they have a leader. You can reach an agreement with them. But there is no leader of the Salafis."

He pointed out that though Saad Hariri had done well to encourage reconciliation among the parties, in the end, he represents only a portion of the Sunni population, and thus cannot control what all the Sunni groups do. He said that if Hariri could control the groups, there would be no need for reconciliation.

15. (C) Bassil said that the Lebanese civil war began in 1975 because of the Palestinians, and in 2008 they are still in Lebanon. He said improving their living conditions would only encourage them to stay, and so the international community should be generous in offering to resettle them in other countries. ("The U.S. gives 50,000 immigration visas to people every year in the lottery. Give 1000 to the Palestinians!" he exclaimed). He said that it was in the international interest to help Lebanon on this issue, because the Palestinians were turning into terrorists. "When you leave them in poor conditions, indoctrinate them against Shia and Christians, and then give them money, they become terrorists," he said. Both in Tripoli and in the Palestinian camps, said Bassil, there is a real threat from Sunni

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extremism. "Is the problem of terrorism not important enough to be on the Dialogue table?" he asked. Ambassador noted recent U.S. assistance to Palestinian refugees in Lebanon.

MORE RECONCILIATIONS

16. (C) Bassil said he had just received word that Walid Jumblatt's PSP would be holding a "reconciliation" meeting with Hizballah that afternoon. (Note: The meeting took place September 15, when Hizballah Minister of Labor Mohammed Fneish and Jumblatt bloc MP Akram Shehayyeb met under the patronage of Lebanese Democratic Movement leader Talal Arslan. It focused on security issues, a cause for concern after Arslan's Druze party activist, Saleh Aridi, was assassinated in Beysour. End note.) Bassil said the reconciliation was good news, and that he hoped for more such reconciliations. He said the resulting easing of political tensions would lead to more "relaxed" elections and would free politicians to talk about actual issues, as opposed to their own personal feuds. He said it would be much easier to deal with the Syrians on border issues or even with the Israelis if internal conflict were reduced.

17. (C) "FPM and Hizballah do not inform each other of every move they make," Bassil continued. "I am a minister," he said. "I have the right to act in the interest of the state without consulting." He pointed to his efforts to shut down illegal telephone companies that use the national phone network without paying for it. He said several of these companies were associated with Hizballah, but he was moving forward with his reforms. "If you consult on issues of corruption, you say 'bye bye reform,'" said Bassil.

CORRUPTION THE BIGGEST MENACE

18. (C) Bassil called corruption the "main problem" in Lebanon, and highlighted corruption during elections as a particular problem. He said he was a big proponent of campaign spending limits, and was working hard to get them into the new electoral law, along with an independent electoral commission, which would be the watchdog on campaign

spending. Asked about how things were in his home town of Batroun, Bassil said he had heard that politicians were going to schools and hospitals and handing out money so people would vote for them. The Ambassador asked if all the political parties were engaging in such activity. He said his party was not. "No!" he exclaimed. "We (FPM) don't have any money!"

A DIFFERENT KIND OF POLITICIAN

¶9. (C) Bassil said the August 28 downing of an LAF helicopter by a Hizballah fighter, and the resulting death of the helicopter's pilot (a Batroun native), was a "very sad accident." He complained that the majority had used the incident to try to hurt Aoun and his party politically. He claimed that his side, the Aounists, would never do such a thing. He noted that Aoun and March 8 did not cast blame for the September 10 assassination of Druze leader Saleh Aridi. "We didn't accuse the U.S. or Israel or anyone. We are a different kind of politician. We don't want to use blood to gain advantage," said Bassil.

FAST TRACK ON PRIVATIZATION

¶10. (SBU) Bassil said he wanted to move as quickly as possible on mobile telecom privatization in Lebanon. He worried that it would be difficult to get high bids for the cell phone companies during election season, and so he said that he was working on the bureaucratic preparations as quickly as he could, so that elections would not interfere. He said that parliament would need to pass a law authorizing the sale of the companies, and he had spoken directly to Parliament Speaker Berri, who promised he would push the process through within 25-30 days.

¶11. (SBU) He stressed the importance of dealing with all

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political actors and their specific concerns to reach consensus before putting the issue forward for approval. He said that in addition to getting a good price for the mobile networks, he wanted to ensure that the government continued to receive a revenue stream from privatized companies. (Note: The proceeds from the sale will be used to pay down Lebanon's massive national debt, currently valued at more than 170 percent of GDP. That said, telecom revenues are the single largest contributor to the GOL's budget, bringing in 1.2 billion dollars this year, according to the minister. Thus, government revenue sharing with the privatized company will be essential to supporting the budget. End note.)

BRINGING BROADBAND TO LEBANON

¶12. (SBU) Bassil said he was extremely enthusiastic about the idea of rolling out broadband access throughout Lebanon. He said he and his ministry had started working with the Partnership for Lebanon (a private sector-organization led by five U.S. companies including Cisco) and various associations and NGOs on ways to implement a pilot project to bring broadband to northern Lebanon. He noted that this project would benefit everyone, regardless of his or her political leanings. "I am very excited about broadband. When I talk about this, I forget my political affiliation," he remarked.

SYRIAN INTERFERENCE

¶13. (SBU) Bassil mentioned that a joint Lebanese-Syrian committee had been formed to look at cellular interference from Syria in the northern border areas of Lebanon. He noted that many Lebanese near the border use the Syrian cell phone network, costing his ministry a large amount of money. He said he was studying putting up some sort of electronic

barrier at the border that would block Syrian cell frequencies. He claimed that he was working with the Syrian telecom minister, who was "trying to be helpful," but he would see in the coming weeks what kind of progress they made.

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